

ARIZONA DEPARTMENT OF LIQUOR LICENSES AND CONTROL

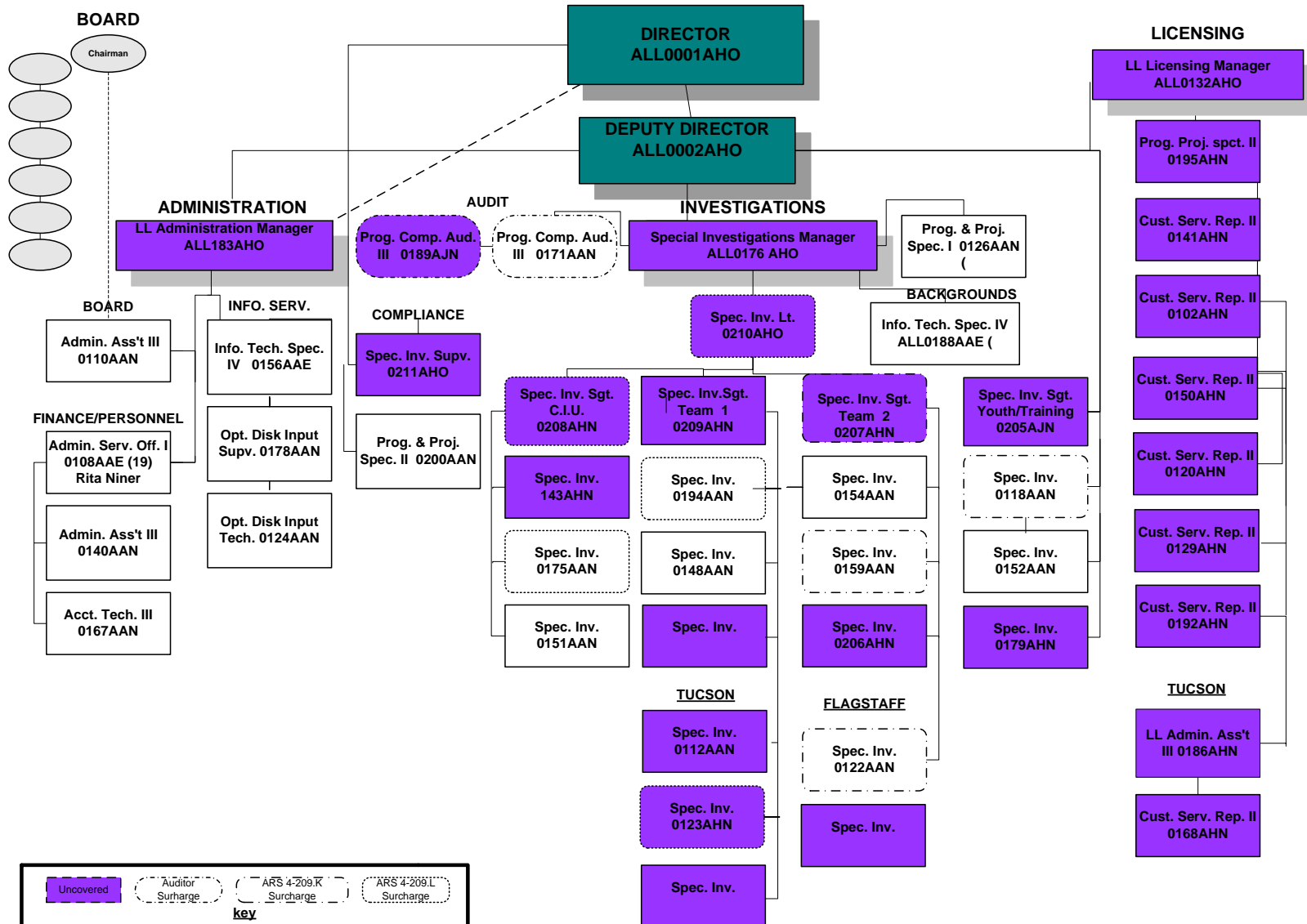


Annual Report
July 1, 2003 – June 30, 2004

Mission Statement

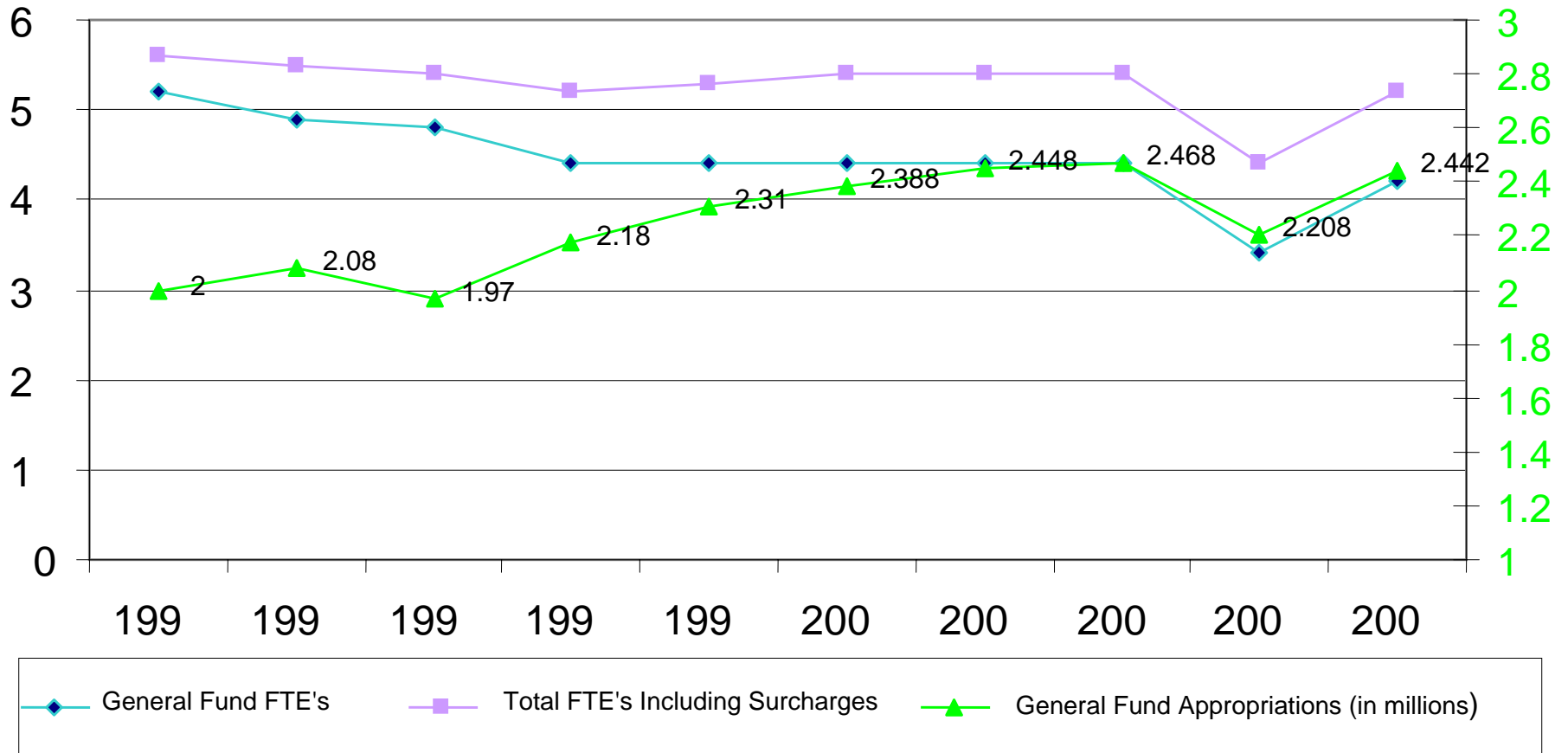
To protect the health, safety and welfare of Arizona citizens by licensing the liquor industry and assuring compliance with state liquor laws through enforcement, training and adjudication.

DEPARTMENT OF LIQUOR LICENSES AND CONTROL

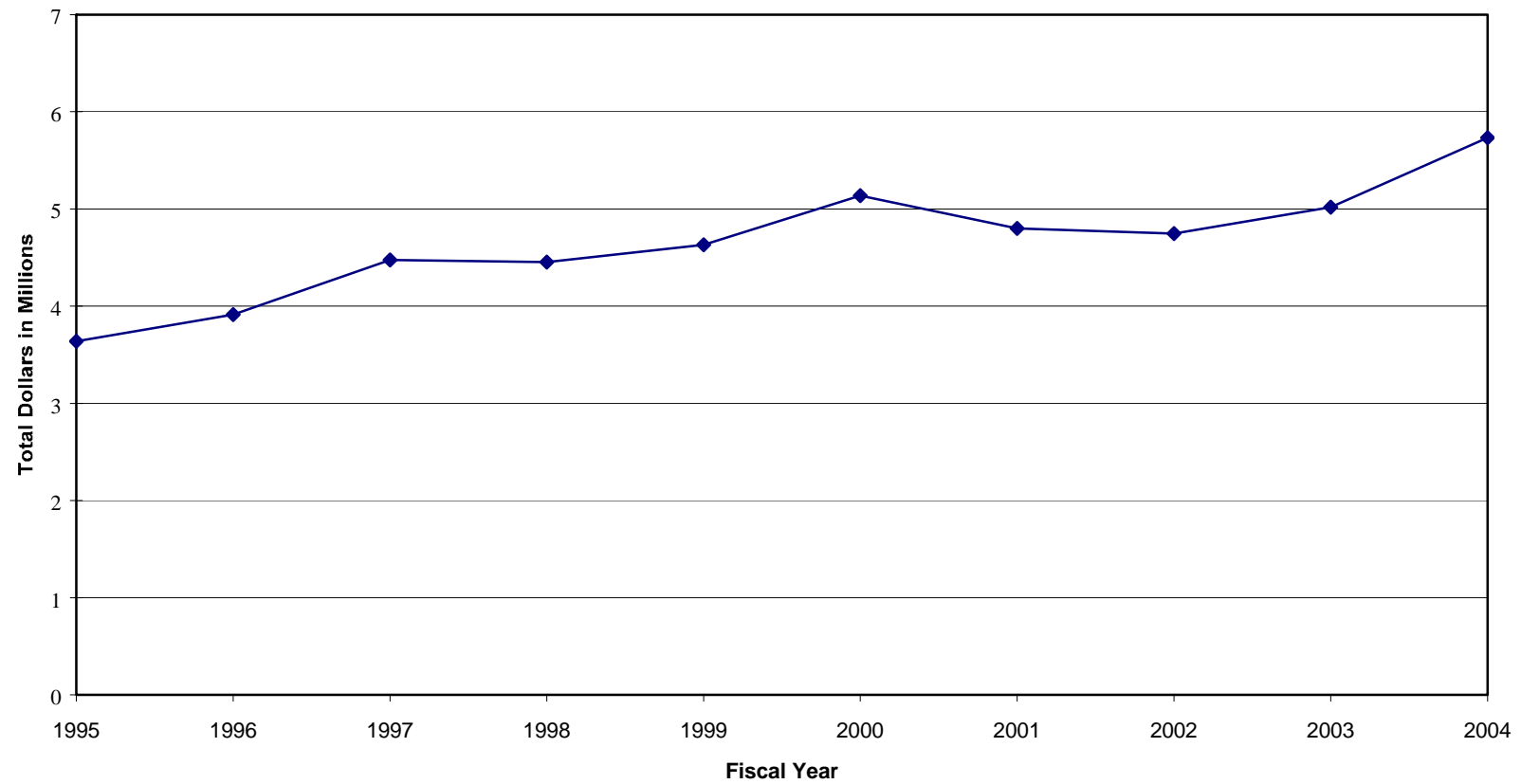


July 19, 2004

Number of Full Time Equivalent Positions for the Department with Appropriations



TOTAL COLLECTIONS



Administrative Division

In the Administrative Division, the daily departmental operations include budget preparation, personnel, payroll, insurance and purchasing. Accounting for authorized non-reverting funds is also the responsibility of this Division as well as providing assistance to the State Liquor Board as needed.

Information Services is a Section within the Administrative Division. The Department has modernized its operation and all data is now available on computer and through imaging. Countless hours of manpower have been saved with this conversion. The availability of any record at any time, as well as expediting the processes necessary to conduct daily business, is now the responsibility of this Section. All paper submissions are now imaged and available for many to view simultaneously. This section also receives all moneys due and issues licenses. This section has become our hallmark of progress.

The Division was responsible for processing the following fees and charges for the Department for fiscal year 2004.

Fee Distribution FY 04

Applications	174,850
License Fees	3,511,790
Out-of-State	64,093
Agent Change	38,000
Fines	519,425
Special Events	44,500
Club	49,100
Penalties	85,800
Copy Fees	1,915
Non-use Surcharge	193,400
Audit Surcharge	147,180
Enforcement Surcharge K	341,040
Enforcement Surcharge L	302,655
Miscellaneous	80
TOTAL REVENUES COLLECTED	\$5,473,828

All funds collected by the Department are transmitted to the state general fund with the following exceptions (See Disbursement of Revenues on the following page.):

1. One-third of all license fees are reserved and returned to the county of origin. The General Fund disbursed to the counties with the exception of Maricopa and Pima. These two counties receive \$3,000 per each license they issue in unincorporated areas. The remainder of the licensing fees and all other receipts are retained by the General Fund.
2. Fees from Special Event Licenses are transferred to the Department of Health Services.
3. Fees from club licenses are transferred to the Department of Economic Security, Division of Developmental Disabilities.
4. A surcharge of \$30 per license renewal for series 6, 7, and 12 is assessed, with industry support, for funding the Department's restaurant auditors.

5. A surcharge of \$35 on each license is being used exclusively to investigate licensees who have been the subject of multiple complaints to the Department.
6. A surcharge of \$20 per license renewal for series 11 and 12 and \$35 for all other license types is assessed for a neighborhood association interaction and liquor enforcement management unit.
7. Money received for processing fingerprints is transferred to the Dept. of Public Safety to be paid to the FBI for fingerprint review.

Disbursement of Revenues

General Fund	Actual FY 04
License, fees, permits and penalties	3,612,774
Charges for Services	1,995
Fines	519,425
Penalties	85,800
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Subtotal disbursements to General Fund	\$4,219,994
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Counties and Other Agencies	FY 04
Apache	4,667
Cochise	27,202
Coconino	47,676
Gila	15,394
Graham	5,665
Greenlee	2,042
LaPaz	9,783
Maricopa	3,000
Mohave	47,203
Navajo	14,983
Pima	51,000
Pinal	30,845
Santa Cruz	17,783
Yavapai	61,547
Yuma	30,570
Dept. of Health Services (special event fees)	44,500
DES/Div. of Developmental Disabilities	49,100
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Subtotal disbursements to counties and other agencies	462,960
Audit Surcharge	147,180
Enforcement Surcharge K	341,040
Enforcement Surcharge L	302,655
TOTAL DISBURSEMENT	<hr/> \$5,473,829 <hr/>
Total Collections less Fines & Chrgs	\$4,866,609

Licensing Division

Daily activities in the Licensing Division include meeting with applicants and assisting them with understanding the myriad of forms required to complete the licensing process. Responding to questions relative to the licensing process, types of licenses, pertinent fees, information about current licenses and licensees, and miscellaneous questions also are a function of this Division.

A review of all documents applicable to the licensing and renewal process requires a great deal of time. Notarization of documents is a small, but important, part of the process.

Because of the modernization of the Department, all employees have been trained and are now very computer literate. All files are now maintained in a data base developed for the Department of Liquor. The Licensing staff is charged with accumulating and entering all licensing data in the proper manner so that all data is easily accessed and all information is available to the entire Department as quickly as it is received.

This Division also is responsible for the receptionist activities, answering the telephone, greeting people and directing the public to the proper person to obtain information or assistance. Customer Service is of utmost importance. Each employee puts forth their very best to see that visitors or callers are treated politely and expediently.

TYPES OF LICENSES

Sample License # 06031050

Components: 06 Series
 03 County
 1050 Sequential Number

<u>Series #</u>	<u>Type</u>
01	In-State-Producer
02	Out-of-State Producer
03	Domestic Microbrewery
04	Wholesaler
05	Government
06	Bar (All Spirituous Liquor)
07	Beer & Wine Bar (Beer and Wine only)
08	Conveyance (Airplanes, Trains, Boats)
09	Liquor Store (All Spirituous Liquor)
10	Beer & Wine Stores (Beer and Wine only)
11	Hotel & Motel (with Restaurant)
12	Restaurant
13	Domestic Farm Winery
14	Club (Private)
15	Special Event (Temporary License)
16	Wine Festival/Wine Fair
17	Direct Shipment

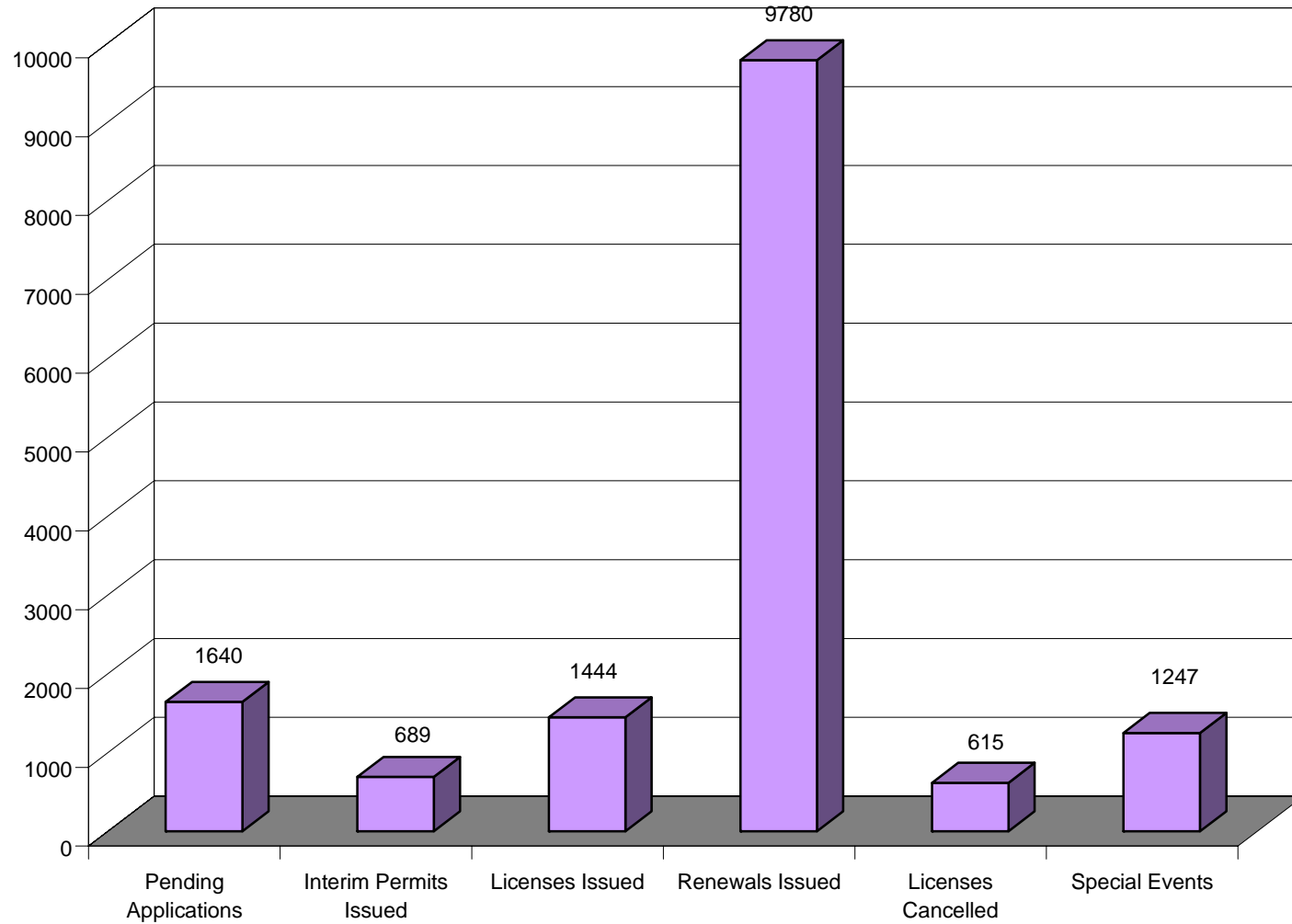
County Numerical Designator

01 Apache	06 Greenlee	11 Pinal
02 Cochise	07 Maricopa	12 Santa Cruz
03 Coconino	08 Mohave	13 Yavapai
04 Gila	09 Navajo	14 Yuma
05 Graham	10 Pima	15 La Paz

Liquor License Count – July 2004

Series	01	02	03	04	05	06	07	08	09	10	11	12	13	14	Total
Apache						24	7		17	6	3	5		3	65
Cochise			2	1	1	71	31		43	56	5	44	3	14	271
Coconino County	1		2	7	3	52	60	3	49	82	17	99		11	386
Gila County				2		49	16		26	23	1	22		9	148
Graham County				1	1	17	7		15	12		4		2	59
Greenlee County					1	9	1		7	6		2		3	29
Maricopa County	1		20	53	31	670	464	15	710	1140	70	1562	1	101	4838
Mohave County			2	3	5	42	54	2	42	129	6	112	1	29	427
Navajo County				2	1	45	23		40	26	2	25	1	10	175
Pima County			4	6	8	235	185	2	242	269	28	383	1	49	1412
Pinal County				2	2	82	34		57	88	3	51		19	338
Santa Cruz County					2	18	8		16	28	4	27	3	2	108
Yavapai County			2	5	2	80	44	1	50	98	10	135	4	19	450
Yuma County				2	2	47	27		47	81	2	60		12	280
La Paz County				1	1	17	14		16	23	1	22		6	101
Out of State Suppliers County		768													768
Ltd Out of State Suppliers County		195													195
TOTAL	2	963	32	85	60	1458	975	23	1377	2067	152	2553	14	289	10050

Licensing Division
FY 04 -- 07/01/03 - 06/30/04



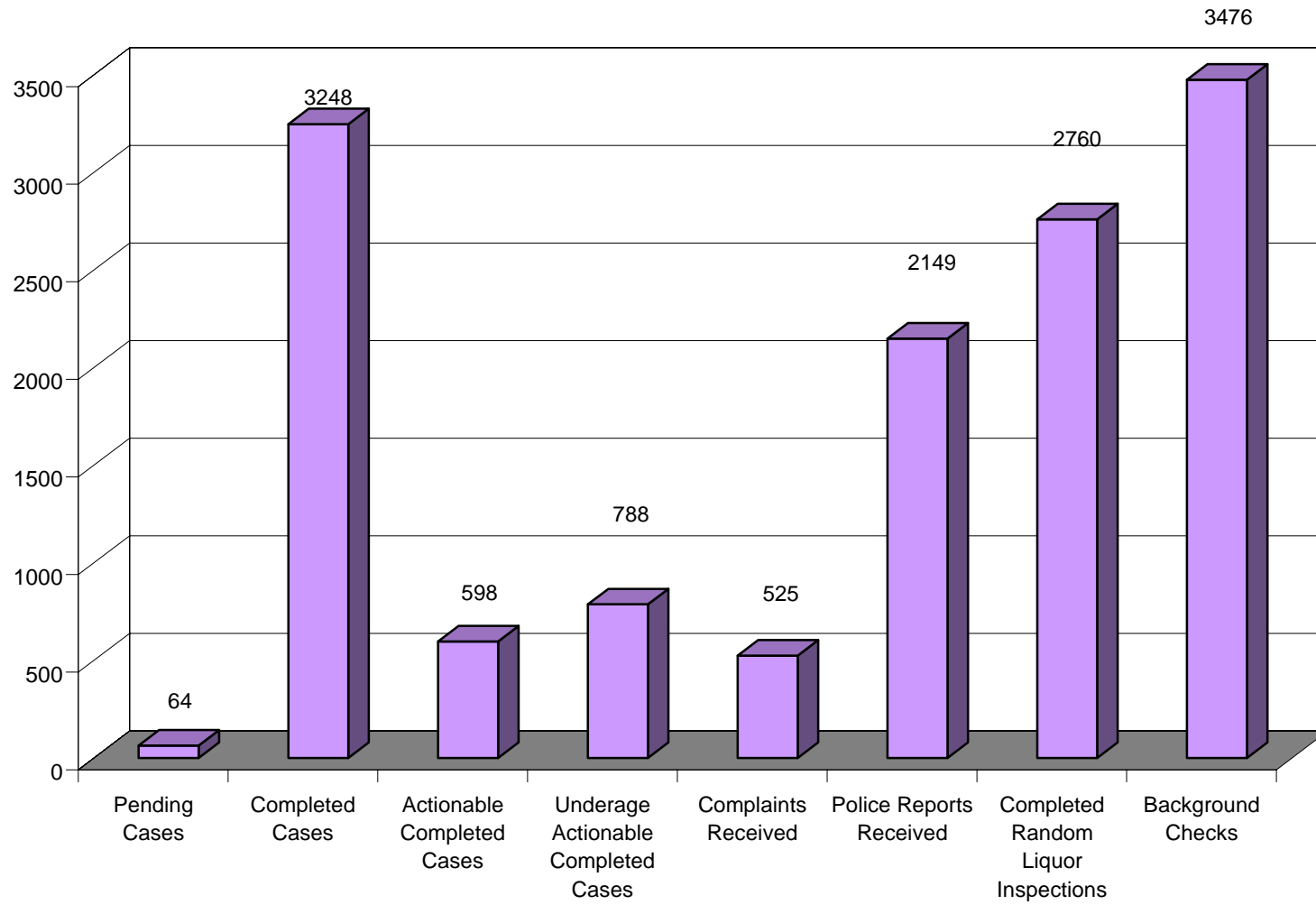
Investigations Division

It is the responsibility of the Investigations Division to ensure that all licensees statewide adhere to A.R.S. Title 4 and all rules promulgated by the Department.

The primary functions of the Investigations Division are:

1. Provide training and assistance to the local law enforcement communities enhancing their ability to enforce liquor laws;
2. Provide training to middle, high school and college underage students;
3. Investigate all liquor complaints and process all law enforcement reports relating to Title 4 violations;
4. Respond to complaints from neighborhood associations, civic groups and local governing authorities regarding liquor violations;
5. Perform background checks on all applicants for liquor licenses in Arizona;
6. Perform audits to ensure 40 percent food sales for restaurant licensees;
7. Increase contact with licensees through Random License Inspections (RLI's);
8. Cooperate with DPS and local law enforcement agencies on covert, sting and underage buy programs through a team approach;
9. Research and respond to inquiries from manufactures, wholesalers and retailers;
10. Provide law enforcement trained speakers for various industry functions when requested.

Investigations Division
FY 04 -- 07/01/03 - 06/30/04



Compliance Division

The Compliance Division governs the dispute-resolution process to offer an alternative, when appropriate, to the more costly and time-consuming formal hearing process. The mandate of the Compliance Officer is to arbitrate cases and attempt a fair resolution.

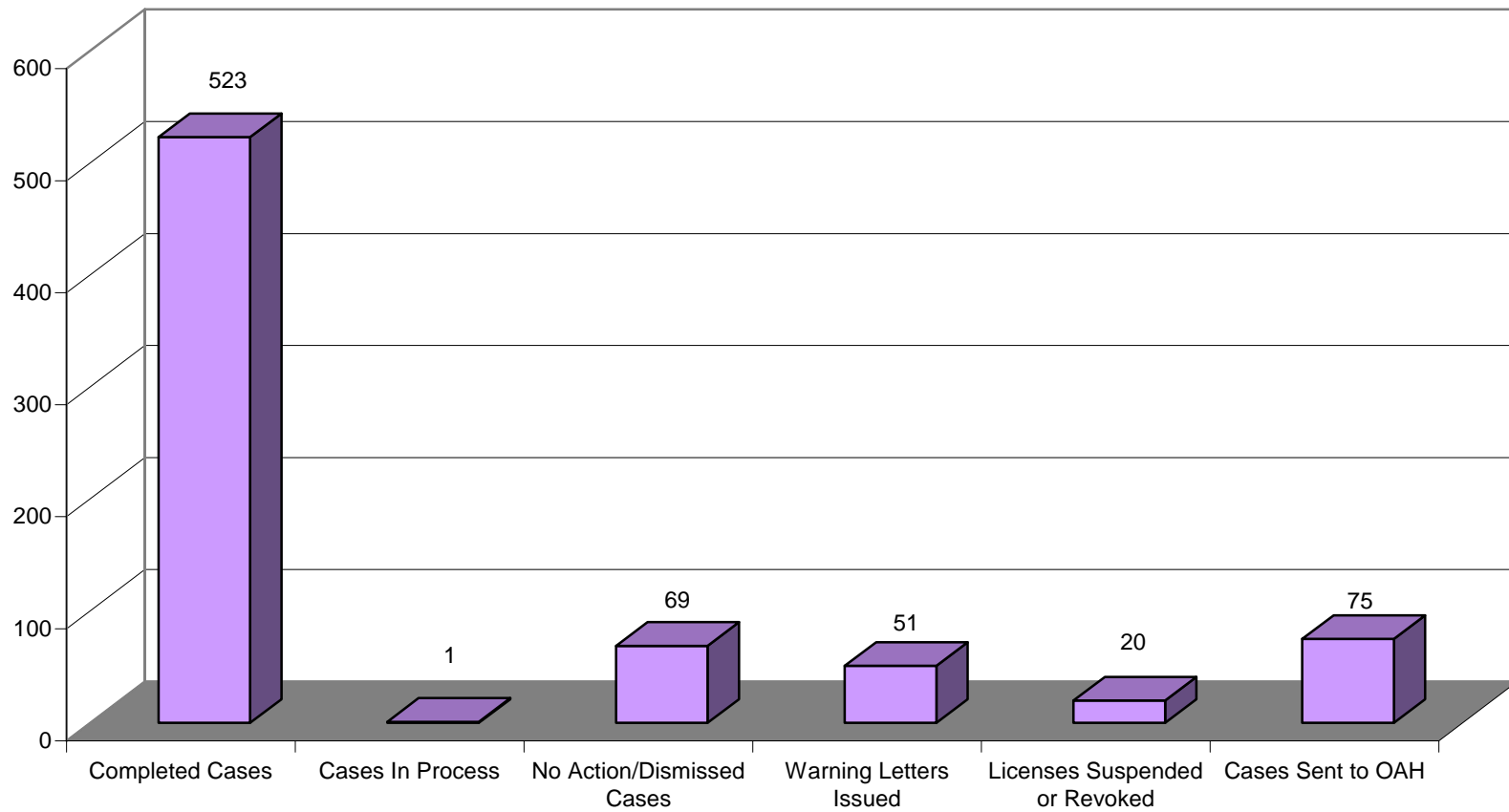
Compliance operations are similar to those in a county attorney's office as cases are reviewed to determine what cases merit action by the Department. After a police report is received or a Department report is filed alleging a violation, the Investigations Division decides whether or not a Department action is merited. Actions consist of verbal or written warnings, consent agreements, or referral to full administrative hearing.

Consent agreements may be offered for some violations. In these cases the licensee is notified to contact the Department to informally discuss the case with the Compliance Officer. Signing a consent agreement usually obligates the licensee to remedy the situation, pay a fine, and/or agree to a suspension for a specified period of time. In some cases, the consent may require liquor law training, surrendering of the license or providing security plans for their operation.

Administrative citations are prepared for the more severe violations and for those licensees who have refused the consent agreement option. When citations are complete, they are forwarded to the Office of Administrative Hearings for a formal hearing process.

The Compliance Division is also responsible for approving and monitoring all programs that provide liquor law training.

Compliance Division
FY04 -- 07/01/03 - 06/30/04



Arizona Liquor Board

The State Liquor Board is a separate entity from the Department of Liquor Licenses and Control; however the Board is housed with the Department and is provided one staff member to prepare Board schedules, hearing notices, Board records, Board expenditures, Board hearings, preparation of agendas, issuing Board orders, etc. The State Liquor Board is responsible for hearing and ruling on all liquor license applications that are protested by the public, governing body of a city, town or county, or the Director. The Board may also cause a protest of an application. Additionally, an aggrieved party may appeal certain decisions of the Director to the Board for their review.

Members of the State Liquor Board are appointed by the Governor and confirmed by the Arizona State Senate. A.R.S. Sections 38-211 and 4-211 set forth the requirements for appointment and confirmation.

There are seven members who are appointed for a three-year term. The terms expire on the appropriate third Monday in January. There are no more than two members from the same county and no more than four members from the same political party. At least six members cannot be directly or indirectly financially involved in a business that is engaged in spirituous liquor. One member shall currently be engaged in the liquor business. The members elect the chairman and vice-chairman annually.

Fiscal Year 2004	
No. of Hearings Scheduled	109
No. of Licenses Granted	32
No. of Licenses Denied	52
No. of Appeals Heard	8

Members	Term Expires
James E. Ledbetter Attorney	1/16/06
Lorenz D. Otzen, Member Liquor Wholesaler	1/17/05
Don Jongewaard Phoenix Fire Fighter	1/20/06
Balbir Grewal Retail Licensee	1/16/06
William Gary DuPont Neighborhood Association Member	1/15/07
D. Alan Everett Consultant	1/15/07
Joanne Galindo Health Educator	1/17/05

